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C O N F I D E N T I A L SECTION 01 OF 02 PRISTINA 000933

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DEPT FOR DRL, INL, AND EUR/SCE, NSC FOR BRAUN, USUN FOR
DREW SCHUFLETOWSKI, USOSCE FOR STEVE STEGER

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SUBJECT: KOSOVO: OPPOSITION RETURNS TO ASSEMBLY AFTER AUDIT
REPORT FRACAS

REF: A. PRISTINA 906

[1](#)B. PRISTINA 930

Classified By: COM TINA KAIDANOW FOR REASONS 1.4 (B) AND (D).

[1](#)1. (C) SUMMARY: After repeated intercession by USOP, the opposition returned to the Kosovo Assembly after a one-week boycott, as the ruling LDK party finally got its house in order and agreed to discuss the Auditor General's fact-finding report on mismanagement under former Assembly Speaker Nexhat Daci. With much debate, the Assembly approved by a vote of 58-5 an investigative commission to look into the findings, although most of the LDK caucus abstained from voting. The formation of such a commission to look into Daci's misdeeds would normally be good news, but it could be the source of much discord and deadlock, as Kosovo heads into the crucial last months of final status resolution. END SUMMARY.

Opposition Returns, Investigative Commission Formed

[1](#)2. (SBU) The opposition returned to the Kosovo Assembly November 3, after the ruling Democratic League of Kosovo (LDK) party agreed to include an audit report critical of former Assembly Speaker Nexhat Daci's tenure on the legislative agenda. Opposition parties ORA and PDK had walked out of parliament a week earlier after the LDK had removed the point from the agenda (reftel). The welcome decision to resume the work of the Assembly came after much intercession by COM with both government and opposition parties. The Kosovo Assembly, after five hours of debate, also approved by a 58-5 vote an investigative commission to look into the audit report's charges. The vote was electronic and thus anonymous, but half the LDK caucus likely abstained, since 87 assembly members total were present for the vote. Naim Maloku, acting caucus head of Alliance for the Future of Kosovo (AAK), LDK's partner in the governing coalition, expressed AAK's support for the establishment of an investigative commission chaired by the opposition.

[1](#)3. (C) Following a brief adjournment after the vote, the Assembly agreed to appoint Ferid Agani of the tiny opposition Justice Party as chair, LDK member Lutfi Zharku as first

deputy, and Bosniak Husnija Beskovic (Bosnian party, "Six Plus" caucus) as second deputy. In all, 14 committee members were selected: 6 LDK, 1 AAK, and 7 from the opposition. (Note: Agani was made committee head after the parties agreed to expand the mandate of the investigation to include the period 2002-2006, during which time the opposition PDK party was briefly in office, and therefore not suitable to lead the committee's work. Moreover, LDK caucus head Gashi would not agree to let the PDK to chair the committee alone, and Assembly rules do not provide for co-chairing of committees.) Our initial soundings indicate that at least one and perhaps several of the LDK members included on the committee are Daci supporters, guaranteeing that there will be further highly contentious debate over the committee's work and conclusions. Ferid Agani himself is known to be close to wealthy Kosovar expatriate and "Alliance for a New Kosovo" founder Bexhet Pacolli, and Pacolli is in turn reportedly financing many of Daci's activities.

What Next?

14. (SBU) The committee is to meet to discuss its mandate and rules, and then present these to the Assembly for approval at the next plenary session. The committee, as noted above, has apparently agreed to expand the Auditor General's inquiry, which focused on recent management practices under Daci; instead the committee will look into the Assembly's work and its institutional management since its inception in 2002, a very broad mandate. (Note: Under the audit law itself, audited institutions are supposed to produce within 30 days an action plan for addressing problems identified by the audit. According to the AG, an international, the Assembly has not yet produced such a plan. End Note.)

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15. (C) The Italian contingent of Guardia di Finanza, working under UNMIK/SRSG auspices, and UNMIK DoJ prosecutors are continuing their investigation of the financial aspects of the audit report and some arrests have already been made as a consequence of their findings. On the order of an international judge, DoJ arrested former Daci security adviser Ahmet Alishani and Assembly budget office director Jusuf Nikci on October 31 in connection with the investigation. Nikci had been suspended with pay from the Assembly staff only days earlier, along with three other staffers: procurement chief Alajdin Ibrahim; former permanent secretary and Daci supporter Jusuf Demaj; and furnishings officer Burim Latifi. In contacts with USOP, neither the Guardia di Finanza nor UNMIK DoJ were willing to say how much longer their investigation might continue or when they might make their findings known to the Assembly leadership.

16. (C) COMMENT: The audit report fiasco demonstrates the negative impact that the LDK internal struggle is having on the party's discipline and unity (for more on LDK dynamics, see ref B). It is also an excellent example of how ready the opposition is to seize on any weakness or policy misstep by the governing parties. We have cautioned both the LDK and the opposition PDK, as well as ORA, that their cutthroat brand of politics cannot be allowed to endanger the functioning of a key institution at this crucial time in the status process. But individual agendas on the LDK side, as well as a driving ambition by PDK leader Thaci to unseat the government, make it harder over time to contain these crises. As the LDK leadership contest drags out, we will need to use all our persuasive ability to bring their assembly caucus members to heel, as well as continuously underscore the stakes involved to the PDK and ORA. END COMMENT.

17. (SBU) U.S. Office Pristina clears this cable in its entirety for release to U.N. Special Envoy Martti Ahtisaari. K Aidanow